



CENTRO STUDI SUL FEDERALISMO

research paper

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**INTEGRATION THEORY AND THE FUTURE
OF THE EUROPEAN UNION**

July 2014



ISSN: 2038-0623
ISBN 9788896871553

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ABSTRACT

Europe's economic and political woes mark a new chapter in the longstanding theory/history nexus in European studies. The euro crisis has brought integration theory back into the scholarly agenda and highlighted the value of neofunctionalism—and more precisely its key “spillover” mechanism—as a framework to interpret current politico-institutional dynamics in the European Union. We are, however, at a particular point of the neofunctionalist theoretical narration, in which the sudden and unambiguous transition from low to high political integration has opened a phase of political fluidity that renders ideas and political leadership crucial in determining the future course of integration. In this phase, the positive scheme of neofunctionalism and the normative one of federalism hence come together, bringing the intellectual trajectory opened in the post-WWII years to full circle. Whether this new encounter will eventually result in further integration will depend primarily on the content of new federalist ideas, the presence of an effective European leadership to carry them, and the emergence of a favorable political environment.

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1. Introduction

After years of living in relatively “uninteresting times,” Europe is back to being a hot region for students of international politics. While the worst phases of the euro crisis might now be over, its social and political ramifications promise to stay with us for a while. The European Union’s handling of the crisis has generated new rifts between member states, and austerity policies have left deep social scars and fueled anti-EU sentiments across the continent that are being successfully exploited by old and new Euroskeptic parties. All considered, the future of the European integration process looks quite uncertain.

With Europe’s instability and political salience has come a revival of integration theory. After being marginalized by the post-Maastricht “domestic turn” in EU studies, integration theory is now increasingly employed by both scholars and analysts attempting to explain the origins and unfolding of the euro crisis and predict its consequences. In this debate, it is neofunctionalism—one of the earliest theories of integration—that has the upper hand, as its core “spillover” mechanism constitutes a simple and powerful tool to interpret current political and institutional dynamics in the EU.

Ironically, however, the explanatory value of neofunctionalism also implies its limits. The euro crisis marks a particular stage in the neofunctionalist theoretical scheme, in which the sudden and unambiguous passage from “low” to “high” political integration weakens the structural drivers of integration and exalts the role of more contingent and agency-related factors, in the first place ideas and political leadership, in determining the future course of European integration. In this politically fluid phase, the positive logic of neofunctionalism hence converges with the normative one of federalism, so bringing the intellectual trajectory that started in the post-WWII years to full circle. Whether this new encounter will result in further integration will depend primarily on the development of three key factors in the next few years: the content of federalist ideas, the presence of a European leadership to carry them, and the emergence of a favorable political environment.

2. Theory and history

For most of its existence, the theory of supranational integration has had the European Communities/European Union as its sole empirical referent—the oft-cited “n=1” problem. It is hence not surprising that theoretical evolution in this area has always followed developments on the ground quite closely. The history of European integration theory has been told countless times, so only a brief summary is in order here.¹ Conventional accounts usually begin with

¹ For detailed accounts see Ben Rosamond, *Theories of European Integration* (Basingstoke: Macmillan, 2000) and Antje Wiener and Thomas Diez, eds., *European Integration Theory*, 2nd ed., (Oxford: Oxford University Press, 2009).

federalism, a theory with a long scholarly and political tradition in the continent but which acquired particular prominence in the version proposed by Italian antifascist intellectuals Altiero Spinelli and Ernesto Rossi in their *Ventotene Manifesto*. Published as WWII entered its final phases, the *Manifesto* identified the European nation-states as the main culprit for the devastations of the war and the misery of the continent, because of their innate propensity to oppress and exploit within their boundaries, and their aggressiveness and imperialism outside. To this reality, Spinelli and Rossi, continued, one could only respond by creating a Europe-wide federation immediately after the war, which would prevent future conflicts by depriving states of the means to wage war and promote equitable development while respecting national diversity and autonomy.²

While it was less a theory in the social science meaning of the term than a political program, federalism did contain at least two important assumptions about the working of international politics and the possibility of a European federation. The first was explicit and institutional in nature: states, Spinelli and Rossi argued, were naturally jealous of their power. Federalists should therefore seize the opportunity presented by the collapse of political institutions throughout Europe and push for federation before the occupying powers and the old national elites had the opportunity to erect new state structures. The second was implicit and ideational, since the very existence of the *Manifesto* demonstrated its authors' faith in the transformative potential of their ideas, in particular among European intellectuals and working classes, whom Spinelli and Rossi saw as the vanguards of the "federal revolution."

Federalism was eventually defeated in both respects. As feared by Spinelli and Rossi, the reconstructed European states were not too keen on the idea of giving up their sovereignty to a European federation. This was demonstrated most tangibly by the modest results of the 1948 Congress of Europe (from which the Council of Europe would originate a year later) and the 1954 failure of the European Defence Community, the project that came closest to embody the "big bang" approach to unification envisioned by the *Manifesto*. Instead, European governments opted for the sectoral and pragmatic road to integration put forward primarily by Jean Monnet and French Foreign Minister Robert Schuman, which resulted in the founding of the European Coal and Steel Community (ECSC) in 1951, followed by the 1957 Rome Treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom).

While not as radical a project as outright federation, the European Communities were still original enough to attract the attention of many scholars of international politics. Among these was a group of US-based academics—most notably Ernst Haas, Leon Lindberg and Philippe Schmitter—who translated what became known as the "Monnet method" into a brand new theory of integration, called neofunctionalism. In its simplest version, neofunctionalism posited supranational integration as a gradual process beginning in "low politics" sectors, namely mostly technical areas in which coordination through common rules and institutions is required to facilitate cross-border social and economic interactions. So started, integration would then expand to additional sectors driven primarily by a "spillover" mechanism, whereby the intensification of interactions in one area favored by common rules generates new problems of

² Altiero Spinelli and Ernesto Rossi, "The Ventotene *Manifesto*." http://www.altierospinelli.org/manifesto/en/manifesto1944en_en.html (accessed 10 June 2014).

coordination in adjacent “functions,” which are in turn solved through more integration, ultimately giving rise to a self-reinforcing integration dynamic. Pushed also by supranational institutions (in the first place the Commission of the European Communities), the process would eventually spill over to “high politics” sectors, i.e. more sensitive and conflict-prone areas in which integration is no longer likely to be a win-win game. As this happens, neofunctionalists argued, patterns of political loyalty and contestation would also move to the supranational level, ultimately creating a proper European political system.³

Neofunctionalist arguments soon came to clash with the reality on the ground. The conflict that broke out in the mid-1960s between De Gaulle’s France and the Commission, and its solution through the 1966 “Luxembourg compromise” establishing states’ veto right over Community decision, were seen by many as a huge blow to the optimistic view of integration proposed by neofunctionalism. In particular, realist scholars, headed by Stanley Hoffmann, pointed at the events of the mid-1960s as the demonstration of the nation-state’s continued pre-eminence in European affairs, and of the Communities’ nature as little more than ordinary international organizations, unable to act autonomously from its (most powerful) members, let alone encroach upon their sovereign rights.⁴

For the following couple of decades the dualism between “intergovernmentalism” (as the statist position came to be known) and neofunctionalism structured most of the debate about European integration, helped by a period of overall political stagnation—the so-called “Eurosclerosis”—which hindered the emergence of novel theoretical positions. It was only with the reviving of the integration process beginning with the 1986 Single European Act and culminating in the 1992 Treaty on European Union, (the “Maastricht Treaty”), that the scholarly debate acquired new vigor. Roughly, new theorizing followed two tracks: on one side the hitherto dominant debate was refreshed, with neofunctionalism morphing into a research program loosely labeled “supranationalism,” led by Wayne Sandholtz and Alec Stone Sweet,⁵ while intergovernmentalism ramified into a small neorealist branch represented primarily by Joseph Grieco,⁶ and a majoritarian liberal version elaborated by Andrew Moravcsik. As its name suggests, liberal intergovernmentalism is a two-part theory combining an intergovernmental interpretation of European institutions as regimes maximizing the interests of and always controlled by states, with a liberal theory of state preference formation, which replaces the realist notion of a monolithic national interest with a more flexible view of foreign policy as determined by dominant domestic socio-economic coalitions.⁷

³ Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economical Forces, 1950-1957* (London: Stevens, 1958), Philippe C. Schmitter, "Three Neo-Functional Hypotheses About International Integration," *International Organization* 23, no. 1 (1969): 161-66.

⁴ Stanley Hoffmann, “Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe,” *Daedalus* 95, no. 3 (1966): 862-915.

⁵ Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance*, (Oxford: Oxford University Press, 1998).

⁶ See Joseph M. Grieco, "The Maastricht Treaty, Economic and Monetary Union and the Neo-Realist Research Programme," *Review of International Studies* 21, no. 1 (1995): 21-40.

⁷ Andrew Moravcsik, "Preferences and Power in the European-Community: A Liberal Intergovernmentalist Approach," *Journal of Common Market Studies* 31, no. 4 (1993): 473-524; *The Choice for Europe* (Ithaca, NY: Cornell University Press, 1998).

On the other side, the 1990s saw the emergence of a number of new theories with a much weaker connection to the old neofunctionalism/intergovernmentalism debate. One was constructivism, which opposed the materialist and instrumentalist approach of most of its predecessors and proposed instead an ideational interpretation of integration in several areas, including some traditionally dominated by rationalism like monetary policy.⁸ Another was neoinstitutionalism, which highlighted the role of supranational institutions in influencing integration as well as EU politics, whether by playing an autonomous role vis-à-vis member states, constraining the latter's room for maneuver or shaping social and political actors' preferences.⁹

By moving the main focus from member states to EU institutions, these new theories, and especially neoinstitutionalism, marked the beginning of a broader shift in European studies from the analysis of the causes and process of integration—and therefore of the EU as an international relations phenomenon—to the study of the Union's politics and policy-making. This “domestic turn,” which has come to dominate post-Maastricht EU studies, is a vast and diverse field, which however shares the view that the EU's level of integration makes it today more akin to a proper polity than a traditional international organization, and that the most interesting questions for scholars concern what goes on inside the Union. Perhaps the main distinction within this scholarship relates to the degree to which the EU can now be seen as a “normal” political system—hence transcending the traditional $n=1$ problem—or, conversely, is still to be treated as a *sui generis* phenomenon. In the former camp are scholars like Simon Hix, who argue for studying the Union as an ordinary polity, hence through the concepts, theories and methods of comparative politics.¹⁰ Closer to the other end are multi-level governance scholars, who have coined new formulas to capture the “nature of the beast.”¹¹ Somewhere in the middle, finally, one can place the research program on “Europeanization,” which turns the logic of integration on its head to analyze the mechanisms and processes of EU-induced institutional change within member states.¹²

3. Coming full circle

The euro crisis has had two effects on the study and analysis of the European Union. First, and more generally, the crisis has brought integration theory back to the top of the scholarly agenda. The realistic risk of a collapse of the monetary union, the political rifts opened by the EU's handling of the crisis—both vertically, between member states, and horizontally between austerity-hit societies and governing institutions—and, more recently, the challenge of

⁸ For instance Kathleen R. McNamara, *The Currency of Ideas: Monetary Politics in the European Union* (Cambridge: Cambridge University Press, 1998).

⁹ For two different versions of neoinstitutionalism, respectively historically and rationally oriented, see Paul Pierson, “The Path to European Integration: A Historical Institutional Analysis,” *Comparative Political Studies* 29, no. 2 (1996): 123-63 and Mark A. Pollack, “Delegation, Agency, and Agenda Setting in the European Community,” *International Organization* 51, no. 1 (1997): 99-134.

¹⁰ Simon Hix, *The Political System of the European Union* (Basingstoke: Palgrave Macmillan, 2005).

¹¹ On multi-level governance see e.g. Liesbet Hooghe and Gary Marks, *Multi-Level Governance and European Integration* (Lanham, MD: Rowman & Littlefield, 2001).

¹² For example Tanja A. Börzel and Thomas Risse, “When Europe Hits Home: Europeanization and Domestic Change,” *European Integration online Papers* 4, no. 15 (2000); Kevin Featherstone and Claudio M. Radaelli, eds. *The Politics of Europeanization* (Oxford: Oxford University Press, 2003).

Euroskeptic parties, have all raised new developmental, if not existential, questions about the Union. Such questions in turn call for renewed engagement with the categories and ideas of traditional integration theory. The debate that has developed in academic and policy journals over the past couple of years signals a trend that is likely to continue in the years to come as new information and data will become available.¹³

The playing field of this return to integration theory, however, is not completely level. The second effect of the crisis is to have highlighted the value of neofunctionalism as a framework to interpret current European affairs. The neofunctionalist core notion of spillover, in particular, seems both a simple and powerful tool to account for both the unfolding and many of the consequences of the crisis. Explaining as complex a phenomenon as the crisis of the Eurozone necessarily involves many factors and causal chains.¹⁴ Most analysts, however, agree that a key role in the transmission of economic turmoil from the US subprime sector to Europe's banking and sovereign bond markets was played by the asymmetric institutional setup of the European monetary union, which deprived member states of their monetary autonomy without building compensatory mechanisms in the fiscal and banking sectors that could have allowed euro countries to avert the crisis or at least mitigate its effects. For one thing, the Eurozone was not provided with a common borrowing capacity for the sharing of fiscal risks and the protection of its sovereign bond markets from speculative attacks. For another, and more generally, the monetary union was not coupled with an appropriately sized common budget and transfer mechanisms able to compensate for differential growth rates between euro economies in the long run, and absorb asymmetric shocks in the short run. Finally, the euro area banking systems were not inserted in a proper common regulatory framework and provided with an adequate resolution mechanism to break the vicious links between banking and debt crises of the sort materialized in Ireland and Spain.

Saying that the crisis was caused (also) by the Eurozone's institutional asymmetries is another way to state the main idea at the basis of the spillover mechanism, namely that acts of integration in one area (in this case monetary policy) intensify relations and interdependencies among participants to the point of generating inefficiencies and vulnerabilities in adjacent areas, which in turn need to be solved through additional institutional solutions. All this was, of course, well known at the time of the Maastricht Treaty negotiations, and the coupling of the monetary union with a Stability and Growth Pact (SGP) establishing national public debt and deficit ceilings was a

¹³ For instance Zoe Lefkofridi and Philippe C. Schmitter, "Transcending or Descending? European Integration in Times of Crisis," *European Political Science Review* (2014): doi: 10.1017/ S1755773914000046; Philippe C. Schmitter, "A Way Forward?," *Journal of Democracy* 23, no. 4 (2012): 39-46; Sebastian Rosato, "Europe's Troubles: Power Politics and the State of the European Project," *International Security* 35, no. 4 (2011): 45-86; Ulrich Krotz *et al.*, "Correspondence: Debating the Sources and Prospects of European Integration," *International Security* 37, no. 1 (2012): 178-99; Andrew Moravcsik, "Europe after the Crisis: How to Sustain a Common Currency," *Foreign Affairs* 91 (2012): 54-68; Frank Schimmelfennig, "European Integration in the Euro Crisis: The Limits of Postfunctionalism," *Journal of European Integration* 36, no. 3 (2014): 321-37; Douglas Webber, "How Likely Is It That the European Union Will Disintegrate? A Critical Analysis of Competing Theoretical Perspectives," *European Journal of International Relations* (2013): doi: 10.1177/1354066112461286; Ramūnas Vilpišauskas, "Eurozone Crisis and European Integration: Functional Spillover, Political Spillover?," *Journal of European Integration* 35, no. 3 (2013): 361-73.

¹⁴ Exhaustive accounts of the origins and unfolding of the euro crisis can be found in Philip R. Lane, "The European Sovereign Debt Crisis," *The Journal of Economic Perspectives* 26, no. 3 (2012): 49-67 and Jay C. Shambaugh, "The Euro's Three Crises," *Brookings Papers on Economic Activity*, Spring 2012: 157-211.

way to respond to this problem by limiting member states' financial exposure and vulnerability. But even if the SGP had not been repeatedly violated—by Germany, among others—its fiscal straightjacket would probably have been too minimal and conservative a tool to prevent the Eurozone's structural problems from accumulating and eventually deflagrating in the crisis.

Similarly to its causes, many of the consequences of the crisis can be interpreted through neofunctionalist lenses. On one side, many of the EU's policy responses so far can be seen as going in the direction of building those compensatory mechanisms mentioned above. It is the case, for example, of the European Financial Stability Facility (EFSF) and its successor, the European Stability Mechanism (ESM), which set up bailout mechanisms for countries in financial trouble backed by guarantees from other EU member states. An analogous transfer logic underlies the European Central Bank's Long-Term Refinancing Operation (LTRO) and the (not yet implemented) Outright Monetary Transactions (OMT), two lending instruments aimed at, respectively, banks and states in financial distress. Balancing these transfer mechanisms are the so-called "six-pack," "two-pack" and Fiscal Compact, all of which are aimed at strengthening the SGP rules by making them stricter and better enforceable. In the banking sector, a new common regulatory framework is in the process of being implemented, with provisions for European Central Bank (ECB) supervision of member state banks and a single resolution mechanism and fund worth €55 billion. Finally, the possibility of a European Redemption Fund (ERF) and schemes for the introduction of "Eurobills" are currently being discussed as a way to mutualize debt among Eurozone countries.

On the other side, however, the crisis has set in motion a number of Euroskeptic intellectual and political forces across Europe pushing for the abandonment of the euro and the return to some form of monetary sovereignty as the only viable solution to the Eurozone's problems. Far from being a negation of or an exception to neofunctionalism, as some scholars have argued,¹⁵ for the most part these forces can be read in light of neofunctionalist theory as manifestations of the spillover's mirror logic, i.e. the idea that the vulnerabilities generated by the monetary union should not be solved by integrating more in adjacent areas but by scaling back integration in the monetary policy itself, so as to eliminate the problem at its root. In this sense, the solutions put forward by Euroskeptics are not too different from what Schmitter identified, already in 1970, as the possibility of "spill-back" in the integration process.¹⁶

Ironically, while the above account validates neofunctionalism, it also shows the limits of this theory. The coexistence of social and political dynamics emanating from the same institutional asymmetries but pushing the integration process in opposite directions indicates that neofunctionalism might be, at this point, better at diagnosing the EU's problems than at predicting whether and how they will be solved. A longstanding debate within neofunctionalism concerns the degree to which spillover-driven integration should be seen as a smooth and automatic process, and hence whether the whole theory should be taken as containing a sort of teleology culminating in European political unification. Initially criticized for appearing too deterministic, over time neofunctionalism has moved away from this position, inserting elements

¹⁵ For instance Schimmelfennig, "European Integration in the Euro Crisis."

¹⁶ Philippe C. Schmitter, "A Revised Theory of Regional Integration," *International Organization* 24 no. 4 (1970): 836-68.

of political friction and unpredictability in its scheme (Schmitter's 1970 revision, mentioned above, is an important chapter in this theoretical evolution). One thing all iterations of neofunctionalism agree on, however, is that the integration process is less and less linear as it moves away from low politics areas and closer to high politics ones, in which resistance to supranational integration on the part of state-level groups and institutions is greater. This, to be sure, in turn raises the issue of where the border between low and high politics lies exactly. But the euro crisis seems to have clarified that the spillover logic has now reached fully and unambiguously the realm of high politics, and it has done so in two respects.

First, and more simply, the magnitude of the crisis has demonstrated that the structural imbalances of the Eurozone cannot possibly be solved through technical or in any case politically mild solutions. Building an institutional architecture able to prevent future crises—or, more realistically, make them less economically and politically disruptive for the Union—will necessarily require some bold integration steps on the part of member states going well beyond what has so far been introduced. Such steps are required, in the first place, in the area of fiscal unification, through (some combination of) a beefed up common budget, some form of common levy, redistributive mechanisms (whether individually or territorially based), and proper Eurobonds. Transformations of this sort would dramatically decrease member state autonomy in some of their core functions, increase the “controversiality of joint decision making,”¹⁷ and ultimately move the EU decided towards a traditional federal model. Exactly for these reasons, however, such transformations are likely to encounter tremendous opposition from nationally-based political and institutional actors.

In another respect, however, the politicization of European integration has already happened regardless of states' opinions. Despite the historical centrality of monetary policy in state affairs, for the first decade or so of the European Monetary Union a number of factors converged to make the euro function and especially appear as an essentially technical matter. One was the institutional setup of the European Central Bank, and in particular its emphasis on political independence. Another was the ECB's conservative, inflation-centered monetary policy. The final, and most important factor, was the universally beneficial effects of integration in the monetary sphere, which allowed “hard currency” countries like Germany to eliminate unfavorable exchange rate variations, and “soft currency” ones like Italy and Greece to enjoy the low interest rates afforded by the credibility and stability of the euro. By breaking this win-win logic, the crisis revealed all at once the common currency's distributive, and therefore deeply political, nature to states which suddenly found themselves not only unable to act unilaterally in this area, but also in disagreement as to the kind of monetary policy the ECB should carry out.

Read in this light, anti-euro positions across the EU appear as the reaction of somebody realizing that they “did not sign up for this” and wants out in order to regain full control. That the emergency phases of the euro crisis are now over is only partly reassuring in this sense, not only because Euroskeptic sentiments remain quite strong in many countries (as the recent European elections demonstrated), but especially because such positions might easily become mainstream in one or more members states in a context of continued stagnation and austerity—let alone should the Eurozone be hit by another serious crisis. It is this realistic possibility of the integration

¹⁷ Schmitter, "Three Neo-Functional Hypotheses About International Integration," p. 166.

project moving backwards that makes Europe's current troubles radically different from previous political crises—such as the 2005 constitutional debacle—and renders the EU's current state a highly unstable one rather than some sort of plateau, as Andrew Moravcsik has recently argued.¹⁸

The reaching of a highly politicized and hence indeterminate phase, combined with the lack of a solid institutional “fallback,” renders current EU affairs particularly unpredictable for neofunctionalism. Their structural drivers relaxed, the process and politics of European integration are highly fluid at this point in history, and therefore more likely than usually to be influenced by political agency and contingency. Ideas and political leadership, in particular, are likely to play a key role in channeling the European project in one direction or another. To a great extent, where the European project is headed for the next generation or so will depend on the definition of alternative political visions for the continent, their public articulation and their competition in the political arena. On the integrationist side, this points to the causal role of federalist ideas in the current political phase and, more generally, to a convergence between the positive scheme of neofunctionalism and the normative one of federalism that in a way brings the intellectual trajectory started in the post-war years to full circle. The question is now whether this new encounter will be able to push the EU in a federal direction.

4. What makes federalism work

The next few years will be crucial to see in what direction the EU will move from its current state. Political fluidity, however, should not be equated with randomness: some factors and developments in European politics will be more important than others in determining the chances of a convincing federal vision for Europe being constructed and pushing the Union towards further integration. Three such factors seem particularly important at the moment: the content of federal ideas, the presence of an effective European leadership, and the emergence of a favorable political context. I will go over each of them in the remainder of this section.

4.1 Thickening federal ideas

The first factor affecting the effectiveness of ideas as a driver of change in Europe is the structure and content of ideas themselves. One of the limits of contemporary European federalism is that it too often puts forward the *finalité politique* of the “United States of Europe” without a serious and explicit reflection on the ultimate goal that such a political construction should serve. Promoting federalism as an end in itself rather than a means to some higher political objective risks not only to undermine its ability to resonate with recipients' worldviews, and hence mobilize political action, but also to scare away people by highlighting (albeit involuntarily) the constraining features of federalism at the expenses of its purposive aspects.

Post-war federalism was motivated by precise political goals, resulting from the circumstances in which it was formulated and stated in such texts as the *Ventotene Manifesto*: in the first place to avoid war in Europe by transcending the nation-state, and by doing so also create the conditions for freedom and social justice in the continent. Seven decades later, the generations of Europeans

¹⁸ Moravcsik, "Europe after the Crisis."

who experienced the war more or less directly, and who would hence relate to the original goals of federalism, are largely gone. At the same time, the European project is still far from providing new generations of citizens with a “taken for granted” institutional setting, let alone some sort of continent-wide “imagined community.” In this historical and institutional limbo, a “thin” version of the federalist project, concerned more with the form than with the point of European unification, has no hope of political success. What is needed instead is “thick” federalism, which puts the flesh of a clear political mission around the bones of a hypothesized federal structure for the EU.

The thickening of European federalism is done in the first place by working on historical memory and promoting awareness of the political and economic achievements of the integration process—which, ironically, are often forgotten precisely because of their existence. Initiatives such as the 2012 Nobel peace prize to the EU can be very helpful in this respect. This backward-looking approach, however, must be complemented with a solid, forward-looking justification for continuing to transfer pieces of sovereignty to what Glyn Morgan calls a European “superstate,” whether such justification is framed in terms of security, welfare, solidarity, identity or some combination of these (or other) objectives.¹⁹ Needless to say, political justification would also entail, as a corollary, a clearer definition of the European project’s borders and of the direction and limits of EU enlargement—another question too often eschewed by EU supporters.

Justifying European integration in turn necessarily requires a renewed, sustained and continent-wide intellectual mobilization of the sort recently called for by Maurizio Ferrera.²⁰ Whatever Europe’s ultimate *raison d’être* is identified and elaborated in such a debate, however, needs to work for Europe’s political elites as well as its wider societies. The times in which integration could proceed mostly as a top-down process are long gone. The euro crisis was just the culmination of a process of increasing awareness of—though not necessarily participation in—EU affairs among European citizens that has been going on at least since Maastricht. In this new context, parties, in their traditional function of connecting voters and institutions, have a crucial information and communication role to play. Euroskeptic ones are naturally at an advantage in this respect, thanks to their simple (often simplistic) and immediate messages. Pro-EU parties need to be able to respond to this challenge by developing equally effective discourses about Europe’s ultimate objectives and how to get there.

4.2 (Re)building European leadership

To produce tangible consequences ideas need to be activated, promoted and implemented by political leaders. Historically, leadership in the integration process has usually come from two sources: member state governments and common institutions. Among the latter, the European Commission, and in particular its presidency, has traditionally been in the best position to indicate the way forward for the European project and build support among institutional as well as societal actors. Jacques Delors (1985-1995) was probably the last Commission president to exercise such leadership to its full potential by giving impulse to, among other things, the

¹⁹ Glyn Morgan, *The Idea of a European Superstate: Public Justification and European Integration* (Princeton, NJ: Princeton University Press, 2005).

²⁰ Maurizio Ferrera, "L'Europa in trappola: come uscirne?" *Il Mulino*, no. 1 (2014): 63-76.

expansion of the EU's structural policy, the construction of the single market and the creation of the common currency. Whether due to personal characteristics and conviction, or to the different political circumstances in which they found themselves, Delors's successors—Jacques Santer, Romano Prodi and José Barroso—have all lacked his vision and activism. If integration is to move forward in a federal direction such European leadership will need to be restored for the years to come.

The Lisbon Treaty now provides, at least in principle, a stronger institutional basis for the creation and exercise of single leadership. The treaty establishes that the Commission president is elected by the European Parliament (EP) upon proposal of the European Council, and that the proposal must in turn “take into account” the results of the European elections. To confirm and reinforce this parliamentarization of the presidential appointment process, the main European parties designated common candidates to lead their recent electoral campaigns: Jean-Claude Juncker for the European People's Party (EPP), Martin Schulz for the Party of European Socialists (PES), Guy Verhofstadt for the Liberals, Alexis Tsipras for the radical left, and the ticket between Ska Keller and José Bové for the Greens. The elections, held on May 22-25, produced a fragmented parliament, in which the EPP has a small relative majority (little more than a fourth of the seats) and which will most likely lead to the formation of a EPP-PES grand coalition for the election of the new Commission president.

At the time of this writing, Jean-Claude Juncker appears most likely to be the next Commission president. Following one month of discussions and negotiations, the European Council eventually decided to put forward the name of Luxembourg's former prime minister in its June 26-27 meeting—a decision made through an unprecedented vote which saw only the United Kingdom and Hungary in the minority. Key to the Council's decision were the German chancellor Angela Merkel's about-face from her initial intention to propose a “dark horse,” and the support of a number of center-left governments (above all the Italian and French ones) as part of a wider political bargain, which will leave Schulz in his current post of EP president and give at least one between the Council presidency and the post of High Representative for Foreign Affairs to another socialist.²¹ Juncker's election by the EP—which at this point should be little more than a formality—should take place during the Parliament's mid-July plenary session.

Juncker's nomination (and likely election) is good news for European federalism. While he will not be able to count on the strongest of popular mandates—nor, admittedly, on much charisma—Juncker will still enjoy an unprecedented degree of democratic legitimacy as the only candidate who can claim to have won the European elections. This should in turn give him a considerable amount of political capital and autonomy from states on which to build the sort of leadership needed to push the integration process forward.²²

Another, perhaps less obvious, consequence of Juncker's election will be to establish without a doubt the general principle that it is the EP, not the Council, who decides the name of the Commission president, and that it is in turn European voters who have the last word on the

²¹ “The centre-left – acting like victors after the EU vote?” *EUobserver*, 25 June 2014, <http://euobserver.com/eu-elections/124720> (accessed 28 June 2014).

²² On this see Pier Domenico Tortola, “Why a partisan Commission president could be good for the EU: A response to Grabbe and Lehne.” CSF Policy Paper no. 2, December 2013.

matter. Regardless of Juncker's performance, this precedent could do much to raise the profile of future EP elections (and therefore of future presidential candidates) and move the Commission towards the model of a traditional executive, thus further strengthening the institutional underpinnings for presidential leadership provided by the Lisbon Treaty. In this sense, it is no exaggeration to see the appointment of the next president as a true "critical juncture," the outcome of which will determine a good deal of the EU's institutional setup and, ultimately, affect the prospects for future integration.²³

A few final words should be spent on the presidency of the European Council, another institutions created by the Lisbon Treaty to provide the Union with a unitary and a long-term view, and which for this reason may realistically come to compete or even clash with a stronger Commission presidency. In the short run, this dualism will need to be solved politically: the more compatible the two presidents' positions and personalities, the more effective European leadership will be. For the medium and long-run, however, the best solution would probably be an institutional reform unifying the two functions along the lines of what already happens in the foreign policy area—where the High Representative, a Commission member, also chairs the Foreign Affairs Council—and on the example of other federal systems such as the United States, whose vice-president is also in charge of chairing the Senate.

4.3 The emergence of a favorable environment

In addition to being thick and finding effective carriers, European federalism will also need a favorable political environment. In the EU setting, in which member states still hold a considerable amount of power, and "constitutional" changes need to be introduced by treaty, such political environment is defined primarily in terms of states' readiness to integrate further. Formally speaking, all 28 member states are equal in this respect. In the current political landscape, however, two of them are key to Europe's federal prospects: Germany and the United Kingdom.

Over the past decade or so, Germany has become unquestionably the economic and political engine of the European Union. This position has been reinforced by the euro crisis, from which Germany has come out relatively unscathed and in a leading role in bailing out a number of economies at the periphery of the Eurozone. Yet the crisis has also fully revealed the limits of this leadership. Germany's initial reluctance to rescue Greece's crumbling public finances, and its later obsession with fiscal discipline and austerity policies in the troika's bailout operations, have widely come across as the fixations of a selfish master, preoccupied with teaching profligate southerners a lesson to the point of fueling a continent-wide downward economic spiral that has hardly benefited anybody (arguably not even Germany itself). Pictures of Angela Merkel sporting a Hitler moustache showing in the streets of Athens were just the most disturbing manifestation of this new perception of Germany abroad; a perception which could not contrast more with the country's image as Europe's guilt-ridden benefactor which held until recently.

²³ This idea is developed in greater depth in Pier Domenico Tortola, "Unless Juncker and Schulz can co-operate, the EU will lose an important opportunity for democratisation," *EUROPP blog*, 16 May 2014, <http://bit.ly/1vaSAtt> (accessed 16 May 2014).

Neither Germany's old, nor its new stance are conducive to sustainable federalism in Europe, as both would eventually cause the resentment of either some member states (in the first place Germany itself) who feel they are being free ridden on, or others who do not see the point of being in a partnership from which they tend to lose. A solid European federation should instead rest on the existence of a mature and farsighted type of leadership, which combines a focus on much needed structural reforms around the continent with the willingness to (be first in line to) produce those public goods that are needed by an economic system like that of the Eurozone (and the EU more generally), above all the provision of lending and an export market of last resort.²⁴ Needless to say, the transformation of Germany into such a "benevolent hegemon" for the Union, will require not only a serious reassessment of the country's foreign policy and role in the continent on the part of its political and cultural elites, but also, and more importantly, a frank discussion (both domestic and international) about Germany's economic gains from its membership of the EU and the euro.

If Germany needs to decide what sort of leader it wants to be, the UK needs to make its mind up about what kind of relationship it wants to have with the rest of the EU in the years to come. Due to a mix of economic, geopolitical and cultural reasons, ever since its accession in 1973 the UK has had an ambiguous stance toward the integration process, and often a troubled relationship with the remaining big members of the EC/EU. Physically detached from the rest of the continent, particularly jealous of its sovereignty and traditionally closer to the United States, the UK has time and again rejected if not obstructed attempts to push the European project beyond a mere free trade area. Its "opting out" of the euro and (until 1997) of the Maastricht Treaty's social chapter, its battles against the "f-word" in the 2002-03 Constitutional Convention, and its recent refusal to join the EU's Fiscal Compact are just some of the most notable episodes of what might be called Britain's "structural Euroskepticism."

In a scenario of increasing federalization, the UK's political and institutional exceptionalism within the EU would become more and more problematic. For one thing, it would simply slow integration due to Britain's (disruptive) role in the EU's decision-making structures. For another, it would raise a number of issues concerning the distribution of rights and duties in the polity—would British MEPs, for instance, vote on provisions that might not apply to citizens of their country? Finally, it would multiply the costs and practical and administrative problems of running an asymmetric federation. It is easy to see how all this might generate frictions and inefficiencies within the Union and ultimately undermine its economic performance and political cohesion.

It is perhaps partly with this in mind that the UK's current government, headed by David Cameron, has announced its intention to first renegotiate and then organize a referendum on Britain's EU membership in case of a conservative victory in the 2015 general elections. While Labour is still on the fence on this issue, the success of the anti-EU UK Independence Party (UKIP) in the recent European elections has made some sort of redefinition of the UK's relationship with the EU overall more probable in the near future. More likely than not, this redefinition will result

²⁴ The crispest application of this "hegemonic" perspective to the case of Germany in the EU is in Matthias Matthijs and Mark Blyth, "Why Only Germany Can Fix the Euro: Reading Kindleberger in Europe," *Foreign Affairs*, 17 November 2011, <http://www.foreignaffairs.com/articles/136685/matthias-matthijs-and-mark-blyth/why-only-germany-can-fix-the-euro> (accessed 1 June 2014).

in the scaling back of the UK's involvement in the EU, or even its abandonment of the Union in favor of some economic agreement of the sort applied to other EU neighbors. While not ideal for the integration project, this outcome would have the advantage of once and for all clarifying Britain's position in, and commitment to the idea of, an ever closer Union, and perhaps also smooth the other members' path towards this objective.

5. Conclusion

Writing in 1970, Ernst Haas pointed out that functional spillovers work better “when they are mediated by a group of actors with overt or tacit federalist objectives.”²⁵ Haas's words, together with the several analogous statements one can find in the neofunctionalist literature, show that a certain affinity between neofunctionalism and federalism has existed all along. At this historical juncture in European integration, however, the relationship between the two is reversed, turning, at least potentially, federalism from a mere facilitator into a primary cause of further integration. This, to be sure, is not to deny the significance of other variables in influencing the future of the EU, in the first place the performance of European economies in the next few years. But in the highly politicized context of current European affairs, ideas and political leadership are likely to remain pre-eminent at least for the near future, thus opening an important and probably unprecedented window for the role of normative factors in shaping the European project. To a significant extent, where Europe will go for the next generation will depend on the success of narratives about where it ought to go.

This paper has reflected such convergence between the positive and the normative side of European integration. In it I have focused primarily on the analysis of the circumstances leading to the current phase of political fluidity, and on the examination of some key factors in the success—or lack thereof—of European federalism as a political idea. But underlying this analysis is clearly a normative preference for further integration and the federalization of Europe. The EU is quite far from being a perfect institutional construction, as I have partly tried to explain above. But it would be intellectually dishonest to deny—as many do these days—that, on the whole, this vast and ongoing experiment in institutional change so far has served Europeans quite well, both politically and economically. Politics does not easily lend itself to predictions, so any statement on the future of Europe and the EU should be taken with a healthy dose of skepticism. But if one should judge from the past, between continuing on the path of integration and reverting this process in favor of old political structures and habits, the latter hardly seems the smart choice.

²⁵ Ernst B. Haas, "The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing," *International Organization* 24, no. 4 (1970): 606-46, p. 618.

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